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# Daily Report – Romania

Last data: 7.08.2013

STOCK EXCHANGE				
	Close	Daily chg. (%)	Weekly chg. (%)	
BET	5.754,48	↑ 1,93	↑ 6,49	
BET-C	3.045,13	↑ 1,47	↑ 5,25	
BET-FI	25.289,87	↑ 3,04	↑ 5,10	
BET-XT	517,75	↑ 2,31	↑ 6,04	
FP	0,6800	↑ 1,19	↑ 4,45	
EBS	107,5000	↑ 1,42	↑ 3,86	
BVB	22,9900	↑ 5,46	↑ 14,95	
SIF1	1,0600	↑ 3,31	↑ 2,91	
SIF5	1,5400	↑ 4,05	↑ 5,48	

GOV'T BOND MARKET				
Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)	
6 month	3,91	↓ -4,0	↓ -29,5	
12 month	3,98	↓ -10,5	↓ -31,0	
3 year	4,37	↓ -6,0	↓ -23,5	
5 year	4,54	↓ -3,0	↓ -19,5	
10 year	4,97	↓ -1,0	↓ -8,0	

GOV'T BOND AUCTIONS			
	Maturity	Auctions	Sold
Monday	12M	300 mn RON	300 mn RON
Thursday	10Y	300 mn RON	

MONEY MARKET				
	Rate (%)	Daily chg (bp)	Weekly chg (bp)	
ON ROBOR	2,52	↓ -48,0	↓ -164,0	
3M ROBOR	4,14	↓ -14,0	↓ -38,0	
6M ROBOR	4,45	↓ -12,0	↓ -26,0	
1Y ROBOR	4,46	↓ -10,0	↓ -26,0	
5Y CDS	184,26	↑ 1,8	↓ 0,0	

FX MARKET				
	Rate	Daily chg. (%)	Weekly chg. (%)	
EUR/RON	4,4475	↑ 0,93	↑ 0,72	
USD/RON	3,3350	↑ 0,69	↑ 0,46	
CHF/RON	3,6168	↑ 1,13	↑ 0,98	
100HUF/RON	1,4837	↑ 0,72	↑ 0,58	

Source: Reuters, OTP Research

## Summary

- Domestic stocks moved again uncorrelated with the external markets and BVB indexes gained up to 3% yesterday; the effect of the Central Bank's easing signals has been boosting Romanian equities
- The leu lost 0.9% to the euro yesterday as money market rates are easing significantly
- Constructions dropped by 4.7% YoY and 2.4% MoM. The monthly dynamics was negatively influenced only by the civil engineering segment (-8% MoM)
- The Central Bank sees inflation to 3.1% YoY in December 2013 with downside risks for the short term as the effect of lower VAT for bread was not considered ( it was made public after the forecast was finalized)

Domestic stocks moved again uncorrelated to the external markets yesterday, just like the day before. Local indexes gained between 1.5%- 3.04% on a total equities' turnover of 9 mn EUR. The total turnover was one third higher on a daily basis. It appears that Central Bank's decision to cut the base rate to 4.5% and to suggest that more cuts were to come were welcomed by the equities' markets and emphasizes the attractiveness of the dividend yields. 11 deals were made yesterday with 5 stocks: BRD, Fondul Proprietatea, Transgaz, BVB and SIF Transilvania. BVB had a second day of strong gains and was among the most traded 5 stocks: it gained 5.46% yesterday after scoring big the previous day as well: +7.39%. In Europe, major indexes have seen declines yesterday, for the second day in a row. However, futures point to a brighter day today.

Money market rates are easing significantly, as expected, and the leu lost 0.9% to the euro yesterday. EUR/RON closed at 4.4475 whereas peer currencies saw much lower volatility and the direction of the dynamics was mixed. Like we expected, the prospect of lower RON rates for the foreseeable horizon is putting pressure on the leu for the moment. Government securities' yields marked another day of declines. On a weekly basis, the low end of the curve sank by 30 bp. Today, the Treasury is holding an auction to sell 300 mn RON in 10Y bonds.

Construction works posted another month of retreat: they fell by 4.7% YoY in June, compared to 9.9% YoY in May. The residential sector improved relatively: from an abrupt slump of 21% YoY in May, the adjustment was smaller in June: -9.2% YoY. The non-residential segment was the best performing, nearly flat on a yearly basis. The civil engineering is disappointing: it has been sliding continuously and strongly in the last 3 months until June (- 5.7% YoY in June). In fact, on a monthly basis, the seasonally adjusted data shows that civil engineering works drove down the index, whereas the rest of the categories (residential and non-residential) posted nice gains.

The Central Bank released its inflation report yesterday and lowered its estimation for December 2013 inflation to 3.1% YoY from 3.2% YoY. Moreover, the bank did not include in this iteration the effect of the decrease of bread's VAT to 9% from 24% which puts risks to this prognosis to the downside for the short term horizon. NBR forecasts inflation to drop as low as 2.1% in Q1 2014 and then slowly show higher figures (3.1% in December 2014).

	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Wednesday	June	Industrial trade turnover index (y-o-y, %)	6,7		-1,2
	June	Index value of new orders in manufacturing (y-o-y, %)	9,4		7,3
Thursday	June	Construction works index (y-o-y, %)	-4,7		-9,9

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		06-Aug-13					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7,0229	↑ 0,60	↑ 2,30	↑ 10,55		
OTP Obligatiuni	RON	12,7992	↑ 0,03	↑ 3,77	↑ 7,55		
OTP ComodisRO	RON	15,4686	↑ 0,02	↑ 3,50	↑ 6,56		
OTP Eurobond	EUR	11,4853	↑ 0,01	↑ 3,26	↑ 6,23		

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